

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6872

BILL NUMBER: HB 1452

NOTE PREPARED: Jan 12, 2013

BILL AMENDED:

SUBJECT: Utility Facilitation of Job Creation.

FIRST AUTHOR: Rep. Candelaria Reardon

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill provides that when a political subdivision performs a public work, a public utility that provides utility service to the political subdivision: (1) shall grant all necessary rights-of-way to the political subdivision at no charge; and (2) may not impose connection fees for utility service provided to the public work.

The bill also provides that when a political subdivision grants a job creation incentive for a project that reduces a person's property tax liability, the public utility that provides utility service to the project shall reduce, directly or in the form of a credit, the rates and charges imposed for the utility service in proportion to the reduction in the person's property tax liability.

Effective Date: July 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues: The provisions in the bill may result in the loss of revenues for the public utilities that exempt certain charges under the bill. This would reduce their Utility Receipts Tax (URT), Utility Services Use Tax (USUT), and Sales Tax collections. The amount of fiscal impact is indeterminable.

The rate for both the URT and USUT is 1.4%. The URT is calculated on the gross receipts of all entities providing the retail sale of utility services in Indiana. The USUT is imposed on the retail consumption of utility services in Indiana. Both the URT and USUT are deposited in the state General Fund.

Explanation of Local Expenditures: The provisions in the bill requiring the public utility to exempt the public work conducted by the political subdivision from any connection fees would reduce expenditures for the local units that would otherwise incur such costs in the future. The potential cost reduction is indeterminable.

Explanation of Local Revenues:

State Agencies Affected: IURC

Local Agencies Affected: Political Subdivisions

Information Sources:

Fiscal Analyst: Randhir Jha, 232-9556.